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August 22, 2007

Honorable James H. Welsh Commissioner of Conservation State of Louisiana Post Office Box 94275 Baton Rouge, Louisiana 70804-9275

RE: HEARING APPLICATION

Hosston Formation, Reservoir A
Cotton Valley Formation, Reservoir A
Lower Cotton Valley Formation, Reservoir A

Elm Grove Field

Caddo and Bossier Parishes, Louisiana

Our File No. 430071.94

## Dear Sir:

On behalf of QUESTAR EXPLORATION AND PRODUCTION COMPANY, application is hereby made for a public hearing to receive evidence concerning the issuance of an order pertaining to the following matters relating to the Lower Cotton Valley Formation, Reservoir A, in the Elm Grove Field, Caddo and Bossier Parishes, Louisiana:

- To create two (2) additional drilling and production units (to be designated as LCV RA SU 108 and LCV RA SU 109), as shown on the attached plat, for the exploration for and production of gas and condensate from the Lower Cotton Valley Formation, Reservoir A, in the Elm Grove Field, Caddo and Bossier Parishes, Louisiana;
- 2. To force pool and integrate all separately owned tracts, mineral leases, and other property interests within the proposed units, with each tract sharing in unit production on a surface acreage basis of participation.
- 3. To permit Questar Exploration and Production Company to drill, designate and utilize unit wells for the proposed LCV RA SU 108 and LCV RA SU 109, at the locations shown on the plat attached hereto, in exception to the well spacing requirements of Order No. 361-E, effective July 16, 1996;
- 4. To designate Questar Exploration and Production Company as operator of the proposed LCV RA SU 108 and LCV RA SU 109;
- 5. To extend the provisions of Office of Conservation Order No. 361-58, effective May 4, 2004, to include the Lower Cotton Valley Formation, Reservoir A, and LCV RA SU 109;
- 6. To permit the downhole combination of the Cotton Valley Formation, Reservoir A, Hosston Zone, Reservoir A and Lower Cotton Valley Formation, Reservoir A, in the wellbore of any well drilled on CV RA SU 54, CV RA SU60 and LCV RA SU108, in the Elm Grove Field, Caddo Parish, Louisiana; and

7. To consider such other matters as may be appropriate and justified by the evidence presented at the hearing.

The Cotton Valley Formation, Reservoir A, in the Elm Grove Field, Caddo, Bossier and Webster Parishes, Louisiana, was fully defined in Office of Conservation Order No. 361-B, effective October 1, 1973, and was further defined in subsequent Orders of the 361-B Series.

The Hosston Formation, Reservoir A, in the Elm Grove Field, Caddo, Bossier and Webster Parishes, Louisiana, was fully defined in Office of Conservation Order No. 361-A-1, effective October 1, 1972, and was further defined in subsequent Orders of the 361-A Series.

The Lower Cotton Valley Formation, Reservoir A, in the Elm Grove Field, Caddo, Bossier, Bienville and Webster Parishes, Louisiana, was defined in Office of Conservation Order No. 361-E, effective July 16, 1996.

By Pre-Application Notice dated August 9, 2007, applicant advised the Commissioner of Conservation, the District Manager and all Interested Owners, Represented Parties and Interested Parties of applicant's intention to apply for the hearing which is the subject of this application. Applicant received no request for a Pre-Application Conference, and accordingly, no such conference will be held.

Pertinent data concerning the intended application will be made available for inspection at the offices of the undersigned. Any person wishing to inspect such data should call the undersigned at (318) 221-6858 during normal business hours or write the undersigned at the above address in order to arrange a date and time for such inspection. A copy of any such pertinent data can be obtained at the expense of the requesting party.

A list of the names and addresses of all Interested Owners, Represented Parties and Interested Parties (as defined in the Rules of Procedure) is attached hereto, and a copy of this notice, with the annexed plat, is being sent to each of such persons. A reasonable effort has been made to determine that the enclosed list includes all of the persons to whom this notice must be sent under the Rules of Procedure.

A check in the amount of \$2,265.00 made payable to the Commissioner of Conservation is enclosed herewith as the statutory fee for holding the requested hearing.

This application is being filed in duplicate, and a copy hereof is being sent to Mr. James C. Broussard, Shreveport District Manager of the Office of Conservation and to each Interested Owner, Represented Party and Interested Party whose name is shown on the attached list.

Very truly yours,

BLANCHARD, WALKER, O'QUIN & ROBERTS

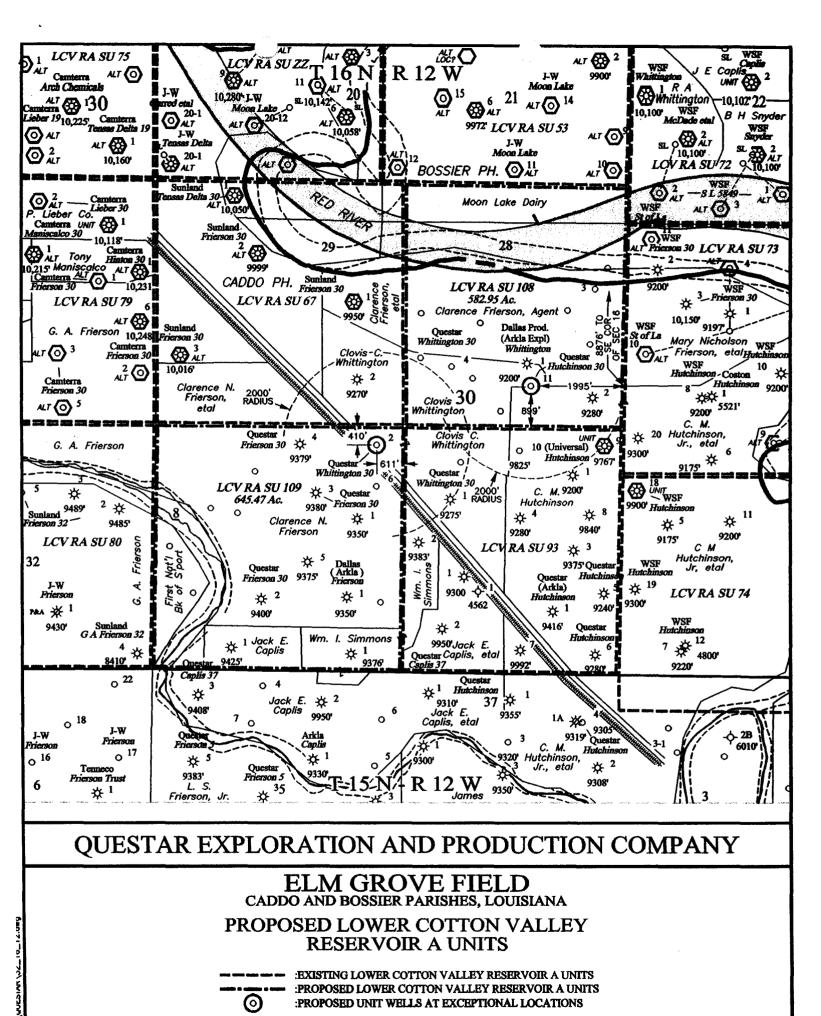
WTAIII:kmw Enclosures

cc:

Wm. Timothy Allen III
Attorneys for Questar Exploration and Production Company

Mr. James C. Broussard, Shreveport District Manager, Office of Conservation (w/enclosures)

Interested Owners, Represented Parties and Interested Parties (w/copy of plat only)



GRAPHIC SCALE

GEOLOGIST: CRAIG C. BARCLAY

1 MILE

ONLY WELLS >4000' TD SHOWN